

Table 1 Tobacco Settlement Allocation Current Law and Proposed Law						
-----Allocation-----						
<u>Law</u>	<u>Trust Fund</u>	<u>General Fund</u>	<u>DOR (Counties)</u>	<u>DPHHS (Child Health Insurance Program)</u>	<u>DPHHS (Tob. Prev. Program)</u>	<u>DPHHS (Mental Health Regions)</u>
Current	40%	60%	0%	0%	0%	0%
Proposed	40%	8%	20%	12%	10%	10%

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Under this proposal, the Department of Revenue (DOR) will allocate 20% of the tobacco settlement fund to each county health department. Under this allocation each county may receive \$35,000 annually and an additional amount determined on the basis of the percentage of the population of children under 18 years of age.

LONG-RANGE IMPACTS:

Under this proposal, assuming the electorate in the November 2002 general election passes this amendment, the state general fund revenue will decrease by \$14,941,202 in fiscal 2004. There will be revenue increases in fiscal 2004 for county health departments (statewide) by \$5,746,616, for state Children Health Insurance Program (CHIP by \$3,447,970, for tobacco prevention programs by \$2,873,308, and for the mental health regions by \$2,873,308. The above impacts are calculated using an estimated total payment of \$28,733,080 in fiscal 2004 from the "Master Settlement Agreement", or known as the tobacco settlement. This situation will continue for FY 2005 and ensuing years.

Table 2 Revenue Impacts under this Proposal					
-----FY2004 Revenue Impacts-----					
<u>Trust Fund</u>	<u>General Fund</u>	<u>DOR (Counties)</u>	<u>DPHHS (Child Health Insurance Program)</u>	<u>DPHHS (Tob. Prev. Program)</u>	<u>DPHHS (Mental Health Regions)</u>
\$0	(\$14,941,202)	\$5,746,616	\$3,447,970	\$2,873,308	\$2,873,308

TECHNICAL NOTES:

1. To be able to spend the additional money allocated to the CHIP program, the federal poverty level for CHIP would need to be raised to approximately 200%. It is currently at 150% and the program is at maximum capacity.
2. Section 2 (2) does not allow the Department of Public Health and Human Services (DPHHS) to supplant existing funds. In December 1999 the tobacco prevention program had \$3,500,000 in each year of the biennial and under the current executive budget this program has approximately \$502,000 per year of the biennium. DPHHS is unsure that we could spend the additional authority allocated in this because of the change in the amount spent in 1999 and the amount budgeted in the current executive budget.